

CASH MANAGEMENT POLICY

EXECUTIVE SUMMARY

The purpose of this policy is to establish sound cash management practices to ensure efficient utilization of cash in a manner consistent with the overall strategic goals of the Monterey County Workforce Investment Board (MCWDB). (In this context, cash would be defined as coins, currency, checks, money orders, credit and debit card payments, and ACH payments.)

All activity and balances in the primary accounts shall be monitored by the MCWDB Finance Manager in coordination with the Monterey County Treasurers Office to assess the cash necessary to meet daily obligations and ensure adequate funds are available. The County Treasurers Office is responsible for the movement of funds between bank accounts maintained by the MCWDB. This includes, but is not limited to:

- Establishing the daily cash position of the MCWDB;
- Appropriately funding disbursement accounts for MCWDB obligations;
- Maintaining the ability to pay obligations when they become due; and
- Monitoring and controlling MCWDB's exposure to financial risks

REFERENCES

WIOA Section 159(2), Section 184 (a) (1)
Title 2 Code of Federal Regulations (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
EDD WSD 16-17 dated March 17, 2017
2 CFR 200.305 Payment

BACKGROUND

All subrecipients of federal funds are required to maintain procedures for management of cash. The requirements of cash payments are found at 2 CFR 200.305. Cash requests must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate projected cash requirements of the subrecipients to carry out the purpose of the approved program or project.

POLICY:

MCWDB will minimize the time elapsing between the transfer of funds between MCWDB and its subrecipients whether the payment is made by electronic transfer, or issuance of redemption checks, warrants or payment by other means.

The Monterey County Workforce Development Board is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

It is the policy of MCWDB to pay on a cash reimbursement basis. However, if the situation warrants, MCWDB may pay its subrecipients in advance provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer and disbursement of funds, and maintains a financial management systems that meet the standard for fund control and accountability. The advance payment to a subrecipient is limited to the minimum amount needed and timed to be in accordance with the actual, immediate cash requirements in carrying out the purpose of the approved program or project. The timing and amount of advance must be as close as administratively feasible to the actual disbursements by the subrecipient for its direct program or project costs and the proportionate share of any allowable indirect costs. MCWDB will make timely payment to the subrecipient in accordance with its contract provisions. MCWDB requires its subrecipients to submit requests for advance payments (as applicable) and reimbursements at least once a month, with proper documentation of pending payments to be made. MCWDB shall make payment within 30 calendar days upon receipt of the cash requests.

In instances where a subrecipient cannot meet the criteria for advance payments, and MCWDB has determined that reimbursement is not feasible because the subrecipient lacks sufficient working capital, MCWDB may provide cash on a working capital advance basis. Under this procedure, MCWDB will advance cash payments to its subrecipient to cover its estimated disbursement need to cover its actual cash disbursements. To the extent possible, subrecipients must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds prior to requesting additional cash payments

Unless warranted, MCWDB shall not withhold payments to its subrecipients at any time during the period of performance, unless one or more of the following applies:

- The subrecipient has failed to comply with the project objectives, federal statutes, regulations, or the terms and conditions of the federal award.
- The subrecipient is delinquent in debt as defined in OMB Guidance A-129, "Policies for Federal Credit Programs and Non-Tax Receivables." Under such conditions, MCWDB shall inform the subrecipient, upon reasonable notice, that it cannot make payments for obligations incurred until all deficiencies and conditions are corrected or indebtedness to the Federal Government is liquidated.
- For payment withheld for failure to comply with Federal Award conditions, but without suspension, MCWDB shall release payment to the subrecipient upon subsequent compliance. However, when a federal award is suspended, payment adjustments will be made in accordance with CFR200.342 Effects of suspension and termination.
- MCWDB shall not make payment to subrecipient for amounts that are withheld by the subrecipient from payment to contractors to assure satisfactory completion of work. A payment shall be made when the subrecipient actually disbursed the withheld funds to the contractors to escrow accounts established to assure satisfactory completion of work.

In accordance with the standards governing the use of banks and other institutions as depositories of [advance payments](#), MCWDB:

- Shall **not** require separate depository accounts for funds provided to its subrecipients or establish any eligibility requirements for depositories for funds provided to its subrecipients. However, subrecipients must be able to account for the receipt, obligation and expenditure of funds.
- [Advance payments](#) of Federal funds must be deposited and maintained in insured accounts whenever possible.
- Subrecipients must maintain [advance payments](#) of Federal awards in interest-bearing accounts, unless the following apply:
 - The subrecipient receives less than \$120,000 in Federal awards per year.
 - The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
 - The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

- A foreign government or banking system prohibits or precludes interest bearing accounts.

Interest earned amounts up to \$500 per year may be retained by the subrecipient for administrative expense. Any additional interest earned on [advance payments](#) deposited in interest-bearing accounts must be reported and remitted to MCWDB.

EXCESS CASH WHEN CASH ADVANCE PAYMENT IS MADE:

The Federal (DOL) and the EDD define excess cash as any amount that is not disbursed within three to four working days after receipt of cash. Cash requests may be denied when an excess cash situation exists.

To illustrate an excess cash situation, a subrecipient has requested \$100,000 based on its projected cash flow for a given period. If the cash request is approved and delivered, this subrecipient will have \$100,000 cash on hand - enough to pay for its scheduled vendor/payroll disbursements. If the subrecipient still has cash on hand after four days of disbursement, the subrecipient must submit a justification/explanation if an immediate disbursement is needed outside of the given period, otherwise, the excess cash must be returned to MCWDB.

Illustration:	Definition:
Program Title: WIOA Dislocated Worker	WIOA
Total Cash Requested: \$100,000	Amount of Cash requested and on hand
Total Disbursements per Check Register: \$50,000	The amount of cash disbursed to date; include checks, wires, and cash issued.
Cash In Bank: \$50,000	Extra Cash After Disbursement
Justification/Explanation Required If Subrecipient would want to retain excess cash	Allowed only in certain circumstances such as if an immediate cash need arises

RETURNING CASH IN EXCESS OF CASH ADVANCE REQUESTED:

It is sometimes necessary to return cash. This happens when an excess cash situation occurs, and there's no valid justification or explanation for the excess. If this happens, the subrecipient must return cash by sending a check payable to MCWDB

INQUIRIES

If you have questions please contact staff at (831) 796-6434. This policy is posted on the WDB website located at: www.montereycountywdb.org/policies/

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 Monterey County Workforce Development Board